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Chairman: Mr. PIRIZ-BALLON (Uruguay)

later: Mr. GUERRERO (Philippines)
(Vice-Chairman)

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The meeting was called to order at 3.20 p.m.

EXPRESSION OF SYMPATHY IN CONNECTION WITH THE RECENT EARTHQUAKE IN EGYPT

1. The CHAIRMAN, on behalf of all the members of the Committee, expressed sympathy to the Government of Egypt in connection with the recent earthquake in that country.

2. Mrs. HASSAN (Egypt) thanked the Chairman and delegations for their expressions of condolence regarding the earthquake that had struck her country.

AGENDA ITEM 84: INTERNATIONAL COOPERATION FOR ECONOMIC GROWTH AND DEVELOPMENT (continued) (A/47/88-S/23563, A/47/225-S/23998, A/47/305-E/1992/96, A/47/312-S/24238, A/47/344, A/47/351-S/24357, A/47/356-S/24367, A/47/375-S/24429, A/47/437)

(a) IMPLEMENTATION OF THE COMMITMENTS AND POLICIES AGREED UPON IN THE DECLARATION ON INTERNATIONAL ECONOMIC COOPERATION, IN PARTICULAR THE REVITALIZATION OF THE ECONOMIC GROWTH AND DEVELOPMENT OF THE DEVELOPING COUNTRIES (continued) (A/47/363 and 397)

(b) IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE (continued) (A/47/270-E/1992/74)

3. Mr. LAOUARI (Algeria) said that one of the most worrisome aspects of the current world situation was the steady decline of the economies of the developing countries, in particular the developing countries of Africa, which was aggravated by unfavourable trends in the world economy and unfair and unbalanced international economic relations. The developing countries continued to be hampered by a crushing external debt, the net transfer of their resources to the developed countries, difficulties in gaining access to world markets, and deteriorating commodity prices. All those factors seriously jeopardized the bold reforms and the development strategies that many developing countries had undertaken. Moreover, the slump in world trade, the prolonged recession in the developed countries and the efforts to integrate the countries of Central and Eastern Europe into the world economy were exacerbating the difficult situation of the developing countries.

4. In order to meet the challenges facing the world economy, the international community must demonstrate the political will necessary to deal with economic problems with the same diligence and assiduity that it had shown in the settlement of international political issues. The international community as a whole, and the developed countries in particular, must take prompt measures to translate their commitments into action. There should be greater dialogue between the developed and the developing countries on questions of macroeconomic policy and structural adjustment, specific arrangements should be made to re-evaluate commodity prices, a lasting global solution must be found to the problem of external debt, and an open,

(Mr. Laouari, Algeria)

transparent and non-discriminatory trade system must be established in order to enable the economies of developing countries to become fully integrated in the world economy.

5. However, nothing could be achieved without the solid and stable financing needed to meet those objectives. His delegation was convinced that the Secretary-General's proposal on the convening of an international conference on the financing of development would contribute to the search for innovative solutions to the most pressing problems facing the international community.

6. The United Nations system should do its utmost to promote development through the consistent implementation of the policies it had adopted, while taking measures to strengthen inter-agency cooperation and coordination. The restructuring of the Secretariat and the economic and social sectors of the United Nations, the revitalization of the Economic and Social Council and the redynamization of operational activities for development should reinforce the role and activities of the United Nations system, making multilateral action more credible and efficient, and promote greater awareness and collective political will to meet the challenges of the moment.

7. Mr. GOUMENNY (Ukraine) said that the strengthening of peace and security was closely connected with the elimination of economic, ecological and other non-military threats. The adoption two years previously, of the Declaration on International Economic Cooperation, had heralded a new phase in United Nations economic and social activities. Despite the rapid changes taking place in the world, the principles of the Declaration remained valid and were in tune with the processes currently under way in Ukraine. His country was intent on carrying out market reforms and building an open economy with a view to integration in the world economy; it hoped to leave the rouble zone and introduce a national convertible currency. Ukraine rejected excessive defence spending and hoped thereby to free intellectual, industrial and natural resources for production.

8. With its pressing need for external resources, Ukraine wished to develop cooperation with international financial organizations and was endeavouring to attract investment, technology and specialists. A recently adopted law on foreign investment provided rights and guarantees to foreign business. His delegation was convinced that Ukraine and other countries with economies in transition could make the most effective use of foreign investment; economic reforms in those countries would provide a new source of financial resources and technologies for the developing world more rapidly than any other form of investment. Implementation of the Declaration was closely connected with that of the International Development Strategy.

9. His delegation agreed with the Secretary-General's report (A/47/270) that the integration of the Eastern European countries and the successor Republics of the Soviet Union in the world economy as well as their own transformation would be a long and difficult process. While each country had to rely above

(Mr. Goumenny, Ukraine)

all on itself to carry out its economic reforms, his country greatly appreciated all external support for its efforts, such as those that might be provided through the International Monetary Fund (IMF), the World Bank and the European Bank for Reconstruction and Development. He fully understood the remarks of the representatives of IMF and the World Bank to the effect that the provision of credit to countries in transition must not be at the expense of commitments to the developing countries. The achievement of the objectives of the International Development Strategy was dependent on the availability of additional resources. Although the "peace dividend" had proved elusive, disarmament needed to become a powerful stimulus for development both by ensuring the necessary political climate and making available financial and economic resources. In that connection, his delegation supported the elaboration of a reliable system for the prevention of military conflicts on the basis of the Charter of the United Nations. In conclusion, it was important not to repeat the mistakes of the past, which consisted in attempting to solve everything at once. Instead, efforts should be concentrated on making progress in the areas where conditions afforded the best chances for success.

10. Mrs. SABHA (India) said that, as a universal body that respected the principle of the sovereign equality of its Member States, the United Nations was the appropriate forum for providing policy guidance on international development cooperation. The complex interrelationship between peace, security and development required that all those goals should be pursued independently.

11. Economic growth presupposed vigorous national effort. With the support of the International Monetary Fund (IMF), 50 developing countries had undertaken stabilization and support programmes and had taken measures to achieve fiscal consolidation, adjust exchange rates, privatize State enterprises and liberalize trade regimes. They had done so in hopes of gaining greater access to world markets, capital flows, technology and concessional resources and in the expectation that their increasing vulnerability, as a consequence of their greater dependence on the world economy, would be cushioned by more predictable exchange rates and interest rates, and appropriate corrections in the internal and external balances of developed countries. Unfortunately, those expectations had not been met.

12. The recent currency crisis in Europe reflected the continuing unpredictability and uncertainty of the economies of industrialized countries. Several years earlier, her delegation had sponsored a resolution on the convening of the United Nations conference on money and finance for development, and it appeared that the time was ripe for further consideration of that idea or, at least, for subsuming it under the proposal to convene an international conference on the financing of development.

13. The debt strategy was still inadequate and did not take account of the resource requirements of low-income countries that continued to meet their

(Mrs. Sabha, India)

international obligations at great sacrifice. Morever, most countries were still a long way from achieving the target set for official development assistance (ODA), and negotiations on the tenth replenishment of the International Development Association (IDA) seemed to be deadlocked.

14. The most serious problems remained in the area of trade. Protectionism was on the rise in the very countries that had argued for increased liberalization in developing countries. Quantitive restrictions, anti-dumping legislation, voluntary export restraints and managed trade had eroded multilateralism in favour of unilateral action. The increasing tendency towards regionalism was heightening concerns that the rules of multilateralism would be further eroded. The Uruguay Round of multilateral trade negotiations remained stalled, and a balanced outcome of the Round had yet to be achieved.

15. The transfer of scientific knowledge, know-how, technology and skills to developing countries remained dismal. Obsessive concern with the protection of intellectual property rights could suffocate rather than stimulate innovation, particularly when public policy and the development needs of the developing countries were ignored. Similarly, other incidental considerations were being used as a pretext for not transferring technology that could lead to quantitative leaps in productivity.

16. Particularly disquieting was the attempt to link economic and social indicators, on the one hand, to the imposition of new conditionalities in international economic cooperation on the other. A new political impetus was needed in that area, and her delegation hoped that discussions during the current session of the General Assembly would provide such an impetus.

17. Ms. YANG Yan Yi (China) said that, as a result of the recession in the industrialized countries and ineffective coordination of macro-economic policies, implementation of the Declaration on International Economic Cooperation and of the International Development Strategy had been disappointing. The objectives of a balanced outcome of the Uruguay Round and of increased market access to developing countries had yet to be achieved and many developed countries had still to achieve the target of 0.7 per cent of GNP for official development assistance (ODA). A durable and broad solution of the external debt problem had yet to be found and commitments on financial resources and transfer of technology for the environment had yet to be honoured. The international community had a responsibility to give strong support to the efforts of the developing countries through the creation of a favourable international economic environment. She therefore hoped that the developed countries would curb protectionism in trade and increase their financial flows and technological transfer to the developing countries, and also take fully into account the interests of those countries when strengthening coordination of macroeconomic policies. The resources of the multinational financial institutions should be substantially increased to meet the needs of the developing countries. China would continue to expand its exchanges with other countries in the areas of trade, science and

(Ms. Yang Yan Yi, China)

technology. In April, China had hosted the forty-eighth session of the Economic and Social Commission for Asia and the Pacific, which had contributed greatly to the deepening of economic cooperation in that region.

18. Mr. HERRERA (Guatemala), speaking also on behalf of the delegations of Costa Rica, El Salvador, Nicaragua and Panama, said that the international economic environment had not favoured the growth and development of the developing countries. The developed countries continued to subsidize agriculture, and they had not fulfilled their commitment to halt and roll back protectionist measures. The access of developing countries' exports to world markets was becoming increasingly difficult. The prices of two of Central America's principal exports, coffee and bananas, were extremely low and were subjected to drastic quota policies and abuse by middlemen.

19. In keeping with the International Development Strategy for the Fourth United Nations Development Decade, the countries of Central America had undertaken economic reforms that promoted reliance on market forces, entrepreneurship and privatization. They had also endeavoured to coordinate their positions on monetary and fiscal measures. Through the Central American Economic Plan of Action (PAECA), the countries of Central America had begun a process of economic recovery and growth. However, additional financial resources were required to ensure the success of that large-scale project.

20. The countries of Central America had embarked on an aggressive programme to promote traditional and non-traditional exports and increase foreign investment with a view to enhancing the economic and social well-being of their populations. They had also become members of the General Agreement on Tariffs and Trade (GATT) and were carrying out their obligations under that Agreement. While some aspects of PAECA had been covered by the Special Plan of Economic Cooperation for Central America, the countries of the region must solve their major social and economic problems in order to consolidate democracy and ensure stable and lasting peace.

21. The priorities contained in the International Development Strategy and the Declaration on International Economic Cooperation remained valid, and it was important to seek appropriate negotiated solutions within the United Nations. In particular, attention must be given to the eradication of poverty in Central America, as well as to the provision of assistance to displaced persons, returnees and refugees. In some countries of the subregion, literacy must be increased in order to make better use of human resources, particularly in the rural areas and among women and children.

22. While the region of Latin America and the Caribbean as a whole had experienced an improvement in economic growth, the per capita gross domestic product (GDP) had fallen below its 1980 level. Export earnings had levelled off and were even beginning to fall while imports had increased as a result of economic recovery and trade liberalization; those developments could have very serious repercussions unless economic growth was reactivated and international

(Mr. Herrera, Guatemala)

markets were liberalized to ensure fair and remunerative prices for developing countries' exports.

23. Rich and poor nations alike must renew their commitment and reaffirm their political will to engage in international economic cooperation in accordance with the Charter of the United Nations. The international community must recognize that high unemployment rates could be reduced only by accelerating economic growth. However, economic growth should not be measured only by a country's gross national product. Economic growth and development that centred on the human being should take account of what was produced, the way in which it was produced and its social and environmental cost. The countries of Central America had sought to include the aspect of social development in their efforts to promote sustained economic growth. They were convinced that international cooperation must take account of popular participation in order to ensure that development was carried out in the interests of, and controlled by, the population at large.

24. Mr. KRASAVCHENKO (Russian Federation) said that while the countries with economies in transition were gradually being integrated into the world economy, his delegation had considerable reservations regarding the intensification of that process. Russia was in the midst of profound transformations of its economic system, its social structure and political institutions, which would enable it to occupy the position worthy of a great Power in the world community. That would only be possible with the transition to a full market economy, which entailed the liberalization of the economy, privatization of State property, structural reform of the economy, including its demilitarization and adaptation to consumer demand, the creation of market conditions and an active social policy.

25. To achieve those aims, his Government had proposed reform comprising three basic stages, each with its particular priorities: development under crisis conditions and financial stabilization; rehabilitation of the national economy and reapportionment of the public and private sectors; and economic upswing and structural reform of the economy. The entire reform was scheduled to be completed in 1997. Other objectives included the complete abolishment of quantitative restrictions in external trade; gradual harmonization of national prices with world prices, lowering of export tariffs and introduction of a unified import tariff; export support and expansion of markets; and the transition to a convertible rouble, initially for current operations, and subsequently for capital operations. That last objective would be a key factor in the further integration of the Russian economy in the world economy. Rather than banking on the continued export of fuel and raw materials, his Government preferred to develop the manufacturing industry. In order to attract foreign investment, efforts were being made to guarantee property rights, achieve convertibility of the rouble, ratify international agreements on mutual protection of investments and reduce the top rate of individual income tax to 30 per cent. Foreign investors would be granted privileges aimed at reducing the risk of capital loss, allowing them to deduct

(Mr. Krasavchenko, Russian Federation)

initial operating losses from their tax payments and maintaining the tax system in force at the time of conclusion of contracts for the duration of the contract.

26. The reform had begun under particularly unfavourable conditions and the results of the first nine months were not encouraging. Prices had increased more steeply than had been expected. It had not been possible to stabilize the exchange rate of the rouble and production had continued to fall. However, some progress had been made on the way to achieving a balanced market. It had been possible to salvage the financial system and hyperinflation had been avoided. The confidence of the international community and foreign partners had been maintained, the level of economic activity had risen and people were gradually getting used to the new system. Most important of all, there was no turning back in the economic, social or political spheres. Russia was in the process of creating a flourishing democratic State, and deserved the support of the world community in that endeavour.

27. Mr. BABAI (Islamic Republic of Iran) said that, at the national level, the developing nations had done their utmost to implement the commitments and policies contained in the International Development Strategy and the Declaration on International Economic Cooperation, undertaking bold reforms to liberalize their economies, encourage the private sector, stabilize monetary and fiscal discipline, eradicate poverty and develop human resources. Yet despite all those measures, sustained economic growth and development remained far out of reach.

28. Not all the obstacles stemmed from domestic issues. In the prevailing unpropitious international environment, characterized by increased protectionism and trade barriers, high long-term interest rates, continued indebtedness and scarcity of financial resources, continuation of economic reforms in the developing countries would be, if not impossible, at any rate extremely difficult. Thus, for instance, there had as yet been no response to the call for additional financial resources to ensure the effective implementation of the International Development Strategy. At the same time, developed countries had refused to play their part in implementating the Agreements. They had a responsibility to correct their fiscal imbalances, to lower long-term real interest rates, to stabilize exchange rates in major currencies, and to promote access by the developing countries to their markets, financial resources and technology. To facilitate and accelerate implementation of the Declaration and the Strategy, those external problems must be properly addressed.

29. His delegation vigorously rejected the view that the Gulf War, recession in the developed market economies and the dissolution of the Soviet Union had been the main factors responsible for a lack of progress in implementing the Declaration and the Strategy. The real cause was a lack of enthusiasm and political will on the part of developed countries to achieve those ends. Some

(Mr. Babai, Islamic Republic of Iran)

developed countries laboured under the misconception that, where economic issues were concerned, any gain for the developing countries meant a loss for themselves. Unless that misconception was dispelled, the chances for progress and implementation of the agreements would remain slim.

30. In spite of the many profound and unprecedented changes which had occurred since the adoption of the Strategy and the Declaration, the main assumptions on which those two documents were based remained fully valid. Their implementation would bring about a significant change in the international economy and contribute greatly to the elimination of poverty and hunger, to human resource development, to population control, and to sustainable development for all nations. It was to be hoped that short-sighted approaches which could lead only to short-term achievements would be replaced by far-reaching incentives to achieve long-term benefits.

31. Mr. MOMEN (Bangladesh) said that events since the adoption of the Strategy and the Declaration had jeopardized the prospects for their implementation. The 1990s were proving to be a decade, not of development, but of transition. Commitments must thus be reaffirmed and translated into concrete action, in order to ensure that the transition led to achievement of the goals envisaged in the Strategy and the Declaration.

32. The performance of the economies of both developed and developing countries over the past 21 months did not give grounds for optimism about future prospects. Despite the stress placed by the Strategy on additional financial resources, development finance remained scarce. Furthermore, the Uruguay Round remained stalled, the peace dividend elusive, external debt remained a major problem, and international trade was threatened by a resurgence of protectionism and a deterioration in the terms of trade.

33. The Strategy had stressed the need for domestic economic reform, and most developing countries, including Bangladesh, had accordingly undertaken major policy reforms at considerable social and political cost. But those efforts had failed to bear fruit, largely because of the unfavourable external environment. Development partners had for the most part failed to match developing countries' efforts with commensurate support measures. Realization of priority objectives had been hampered by serious resource constraints. In spite of a growing recognition that revitalization of economic growth and development was directly linked to protection of the environment, there was still a considerable discrepancy between the amount of resources required to implement the objectives of Agenda 21 and the amount actually available.

34. The report of the Secretary-General (A/47/397) projected negligible or negative per capita growth rates for a large number of least developed countries in 1992; added to which, the increase in the number of those countries had placed additional constraints on resources available for implementation of the Programme of Action for the Least Developed Countries

(Mr. Momen, Bangladesh)

for the 1990s. Enhanced and concessionary resource flows to those 47 countries, along with an appropriate international debt strategy, was of the utmost importance for overall implementation of the Strategy and the Declaration.

35. With a view to securing timely implementation of the Strategy, his delegation attached particular importance to: fulfilment of the official development assistance targets, especially for the least developed countries; a substantial increase, in real terms, in the tenth replenishment of the International Development Association; trade liberalization by all countries and stable commodity prices; global macroeconomic policy coordination, and especially a reform of the international monetary and financial system; an early and balanced conclusion of the Uruguay Round; structural adjustment policies with an adequate social safety net; a more pragmatic international debt strategy; the transfer of environmentally sound technology on concessional terms; concrete resource commitments for sustainable development programmes; new and additional resources for human resource development; and the relaunching of the North-South dialogue. The international community must redouble its efforts with a view to achieving the targets of the Strategy.

36. Mr. ELSIDDIG (the Sudan), speaking in exercise of the right of reply, said that in a statement made at the previous meeting on behalf of the European Community and its member States regarding the deteriorating situation in Somalia, the representative of the United Kingdom had also expressed concern at the situation in the Sudan. The Sudan was a former British colony. Since its independence in 1956, it had had continuously to contend with the consequences of the colonizing Power's policy of "divide and rule", which had forbidden free movement of the population between the north and south of the country so as to create a spirit of hostility. Successive Governments had attempted to solve the problem, most recently through the negotiations chaired by the President of Nigeria.

37. His delegation wished to stress, first, that the security problem in the Sudan was nearing a solution as a result of dialogue between the parties. Secondly, the security problem in his country was one that existed in many countries of the world; it was a domestic problem that his Government was doing its best to solve. Thirdly, his delegation rejected any attempt to link the Somali and Sudanese problems: more than 90 per cent of Sudanese territory was under the control of the Government. That Government was using all peaceful means to solve its problems, and, in cooperation with its friends in the region, was doing its utmost to solve the problems of the Horn of Africa, assuming a vital role in that regard. The United Kingdom representative's concerns would thus shortly be dispelled.

38. Recent World Bank reports confirmed that the Sudan's economy was strong. It had enough land and water resources to solve the problems of famine and malnutrition in Africa, with assistance from the developed countries. Debate on the Sudan might thus more appropriately focus on the country's economic problems and on appropriate assistance measures.

39. Mr. OSSA (Director, Division of Development Policy and Analysis, Department of Economic and Social Development), responding to concerns raised by delegations during the debate, said that many delegations seemed to agree with the secretariat that the orientations and policies agreed on in the Declaration and the Strategy remained valid. The eighth session of the United Nations Conference on Trade and Development and the United Nations Conference on Environment and Development had reaffirmed the guidelines and policies set forth in the Declaration and the Strategy. Nevertheless, the question of priority actions arose. In that regard, he drew attention to document E/1992/INF/8 which listed areas for priority international action and detailed measures to be taken to revitalize growth in the world economy, improve the international policy environment, facilitate development in the developing countries, and speed up the process of integration of the economies in transition into the global economy.

The meeting rose at 5.20 p.m.